

ST. PAUL ELECTRICAL WORKERS HEALTH PLAN SUMMARY OF MATERIAL MODIFICATIONS

To: All Participants and Beneficiaries

From: Board of Trustees

Date: March 1, 2022

Re: Option to Increase SUB/ME Account Balance

Effective June 1, 2022, the Plan has amended its Continuing Coverage Through SUB/ME Plan provisions. Specifically, the amendment allows participants to elect to increase the accrual of their balance in the SUB/ME Plan from a maximum of \$6,000 to \$20,000.

While available to any Participant in the Plan, this new option is intended to help those Participants who do not regularly work enough hours during the year to establish a meaningful eligibility bank. This can also occur for individuals who regularly experience seasonal reductions in their hours of employment. This option allows those Participants to increase the amount of SUB/ME dollars available to pay for coverage during periods of high unemployment. However, for those Participants that regularly add to their eligibility bank, this option is likely unnecessary. It is important to note that dollars in the SUB/ME account may only be used for certain expenses and may not be transferred to other benefit accounts.

The revised Continuing Coverage Through SUB/ME Plan (Regular Employees Only) and SUB/ME Benefits section now provides as follows:

Continuing Coverage Through SUB/ME Plan (Regular Employees Only) and SUB/ME Benefits

If You are a Participant in the SUB/ME Plan, You may use Your account balance in the SUB/ME Plan to pay for premiums for medical benefits (Medical, Dental Care, and Vision Care) in the Plan. Prior to using SUB/ME funds, You must have exhausted any funds available to You in the Eligibility Bank, which may trigger a COBRA qualifying event.

The SUB/ME Plan provides benefits, if You are eligible, to supplement State Unemployment Compensation benefits, workers' compensation payments and/or to help pay medical premiums, Deductibles and Co-insurance.

Eligibility in SUB/ME

You are eligible if the Collective Bargaining Agreement (CBA) requires contributions on Your behalf to the Supplemental Pension Plan and any one of the following applies to You:

- You are a Participant in the Health Plan;
- You are a Participant in the Health Plan and no longer working in Covered Employment; or
- You are retired.

The following groups are not eligible for the SUB/ME Plan:

- LEA agreement members and
- Retirees returning to Covered Employment.

Accumulating Your SUB/ME Account Balance

If You are eligible, an account is established for You. Your Employer contributes to the account on Your behalf.

Contributions into Your account can accumulate up to either of the following balance amounts:

Option (1): Six Thousand Dollars (\$6,000) automatically; or,

Option (2): Twenty Thousand Dollars (\$20,000) should You elect by completing an election form and submitting it to the Fund Office.

Electing Option (2): While Option (2) above is available for any Participant in the SUB/ME Plan, it is best considered if You do not regularly work enough hours during the year or regularly experience seasonal reductions in your hours of employment such that you may lose coverage and need to make self or COBRA payments to continue your coverage under the Plan.

Subject to Forfeiture: It is important to note that your SUB/ME Account is subject to the “*Forfeiture of Your SUB/ME Account*” provisions detailed below. The trustees recommend you keep those forfeiture provisions in mind in accumulating a balance above the \$6,000 base maximum. If you do not regularly experience such breaks in your employment, exceeding the base \$6,000 SUB/ME Account threshold may be unnecessary.

Discontinuing SUB/ME Account Accrual under Option (2): If You complete an election form to allow your SUB/ME to exceed the \$6,000 threshold in Option (1) above, you can later elect to stop accruing contributions prior to reaching the \$20,000 maximum allowed for in Option (2) above by completing an election change form with the Fund Office. However, you will not be able to transfer that accumulated balance to any other plan for which contributions are made on your behalf. Furthermore, as noted above, your SUB/ME account remains subject to the “Forfeiture of Your SUB/ME Account” provisions detailed below.

Earnings Gains and Losses: Your account value may exceed the above noted amounts under either Option (1) or (2) based on earnings (gains/losses) that the Trustees apply to all accounts from time to time.

Examples of Option (2) SUB/ME Account Operation:

- **Example No. 1:** John elects to have his SUB/ME accrue above the \$6,000 amount. When his account accumulates to \$14,000, he elects to stop accumulating any further contributions into his SUB/ME Account. He must complete an election form to stop the contributions from going to his SUB/ME Account. His balance will continue to accrue interest. He can use his balance for any permissible SUB/ME Account benefits. However, John is not permitted to transfer his balance to any other account or use the balance for any benefits that are ineligible for payment under the SUB/ME Account.
- **Example No. 2:** John elects to have his SUB/ME accrue above the \$6,000 amount. When his account accumulates to \$20,000, he will not be able to accumulate any further contributions in his SUB/ME Account. His balance will continue to accrue interest. He can use his balance for any permissible

SUB/ME Account benefits. However, John is not permitted to transfer his balance to any other account or use the balance for any benefits that are ineligible for payment under the SUB/ME Account. If John's balance drops below \$20,000, he may once again elect to receive contributions into his SUB/ME Account and allow them to accumulate up to the \$20,000 maximum.

- **Example No. 3:** John has accumulated up to \$20,000 in his SUB/ME Account and in fact upon reaching the maximum, has continued to earn interest such that as of January 31, 2025, he has accumulated a balance, with interest, of \$22,500. John separated from employment with his employer on January 31, 2025, and loses coverage under the Plan and chooses not to access his SUB/ME Account to make self-payments to continue his coverage. If John does not return to coverage under the Plan by February 1, 2028, he will forfeit the entirety of his balance in his SUB/ME Account.

SUB/ME Benefits

You may use Your SUB/ME account to pay for the following benefits:

- You may receive Two Hundred Fifty Dollars (\$250) a week (subject to tax withholding), if You are receiving (and have been receiving for three weeks) Workers' Compensation or if you are receiving disability benefits under Part A of the Plan and if You have at least One Thousand Two Hundred Dollars (\$1,200) in Your account;
- You may receive Two Hundred Fifty Dollars (\$250) a week (subject to tax withholding), if You are receiving (and have been receiving for three weeks) Unemployment Compensation for unemployment and if You have at least One Thousand Two Hundred Dollars (\$1,200) in Your account;
- The account may be used to pay monthly medical premiums for You, Retirees (even with the Retirement Medical Funding Plan), or surviving Dependents;
- If You have not worked sufficient hours to make a full contribution to the Health Plan and You have received a bill from the Health Plan and have not responded within twenty-one (21) days of the invoice date from the Health Plan, You will pay for continued medical coverage from Your SUB/ME account, after Your Medical Eligibility Bank account is exhausted; or
- The SUB/ME Plan also reimburses the following tax-deductible medical expenses for You or Your Dependents;
 - Annual Deductibles under this Health Plan, the Supplemental Medicare Coverage Plan or under another employer-sponsored group health plan,
 - Co-insurance (the amount You pay, after the Plan pays benefits) for medical expenses for Yourself or Your Dependent under this Health Plan, the Supplemental Medicare Coverage Plan or under another employer-sponsored group health plan, or
 - Insurance premiums for You or a Dependent for this Health Plan, Supplemental Medicare Coverage Plan or under another employer-sponsored group health plan. All requests for reimbursement of premiums paid to another employer-sponsored health plan must be substantiated and must include an attestation that You (or Your surviving Dependents) are covered by such plan.

Filing a claim for reimbursement from the SUB/ME for the above noted expenses must be done on a form approved by the Trustees (available in the Fund Office) and include documentation that substantiates the expense actually incurred and its specific nature. All claims for medical expense reimbursement must be submitted within twelve (12) months of the date the expense was incurred. The amount reimbursed from a Participant's SUB/ME account shall not exceed the balance of the account on the date the claim for

reimbursement was filed. The Trustees, in their discretion, shall determine whether a claimed expense will be reimbursed.

NOTE: Some benefits provided through the SUB/ME may be taxable.

Forfeiture of Your SUB/ME Account

The contributions in Your SUB/ME account will be forfeited back to the Trust, if any of the following events occurs:

- You are separated from Your Employer (other than for Early Retirement or Normal Retirement) and You have lost coverage under the Plan, Your account is forfeited on the thirty-sixth (36th) month following the loss of coverage in the Plan.
- You are found to be in violation of the Collective Bargaining Agreement.
- You die without a surviving Dependent.
- You die and Your surviving Dependent declines coverage or dies.
- You do not self-pay for coverage and lose coverage on the last day of the month for which coverage was paid, then Your SUB/ME account will be forfeited on the thirty-sixth (36th) month after You lose coverage.
- If, on or after Early Retirement, You elect to opt out of the Plan, You have a one-time opt out allowance. For example, if Your Spouse continues employment and covers You under his or her employer's benefits, then You can elect to opt out of this Plan until Your Spouse and You lose coverage under that plan. Once Your opt-out period is over, if You have a break in coverage with this Plan for thirty-six (36) months, Your account will be forfeited.
- You enter into active military service, but only if You return from active duty, are not disabled, and do not return to Covered Employment within ninety (90) days after returning from active duty. If You return from active duty, but are disabled and cannot return to Covered Employment within ninety (90) days, then Your account balance may be used to pay for coverage until the disability ends or the account balance is exhausted.

If You are an apprentice on an approved leave of absence from the JATC program, Your SUB/ME account will not be forfeited during the approved leave.

Keep this notice, also called a "Summary of Material Modification" or "SMM" with you Summary Plan Description (SPD) for the St. Paul Electrical Workers Health Plan (restated effective January 1, 2017).

If you have any questions, please contact the Plan Administrator, Wilson-McShane Corporation, at 952-851-5949.